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SUBJECT: SHANGHAI SCHOLARS ON NORTH KOREA: PROVOCATIONS TO DRAW OBAMA
ADMINISTRATION'S ATTENTION, PRESSURE SOUTH KOREA

REF: A) BEIJING 280; B) BEIJING 254; C) BEIJING 302; D) 08 SHANGHAI 422

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REASON: 1.4 (b), (d)

11. (C) Summary: Shanghai scholars explained North Korea's recent provocative actions as attempts to draw the Obama Administration's attention and pressure South Korea to continue aid to North Korea. They offered little insight on the succession issue but said recent rumors about Kim Jong-il's third son succeeding his father may have been "fabricated" by South Korea to test the DPRK's reaction. North Korea wants to be like India and Pakistan, having both nuclear capability and normal relations with the United States, said the scholars. China still exercises considerable leverage over Pyongyang, but the scholars do not foresee a breakthrough in the stalled Six-Party Talks anytime soon, citing China's current focus on the domestic economy and what the scholars perceive as lack of U.S. willingness to compromise. The scholars see the Six-Party Talks as the only way forward for now, however, and urged the appointment of a U.S. special envoy for North Korean issues as soon as possible. End summary.

Seeking Washington's Attention

12. (C) Shanghai scholars said during discussions in early February that there are two motives behind North Korea's provocative actions in recent weeks, including belligerent rhetoric towards South Korea and preparations for a possible missile test: to draw the attention of the new Obama Administration "as early as possible," and to pressure South Korea to continue its aid shipments. Cui Zhiying, Professor in the Center for Asia-Pacific Studies at Tongji University, and Xue Chen, Research Fellow at the Shanghai Institutes for International Studies (SIIS), said Pyongyang's main concern now is that North Korea is not a priority for the Obama Administration. Pyongyang is unhappy that President Obama quickly appointed special envoys for the Middle East and Afghanistan, but not one for North Korea, said the scholars. Ren Xiao, Professor at Fudan University, stated Pyongyang feels "marginalized" and that, "by practicing brinkmanship, which the North Koreans are good at, they are telling Washington not to

forget about their existence." The scholars, though divided on whether or not the DPRK will actually test fire its long-range missile, are in agreement that North Korea's recent actions should not raise great alarm. "North Korea has been spoiled in the past. Each time it took hostile action, it was rewarded," said Shen Dingli, Director of the Center for American Studies at Fudan University. This time, North Korea is seeking the "reward" of high-level attention from the Obama Administration, said the scholars.

Putting Pressure on the South

13. (C) North Korea also wants to pressure South Korea to continue its food and fuel aid, said the scholars. Pyongyang is deeply upset that South Korean President Lee Myung-bak has tied aid to North Korea with the nuclear issue. According to Xue of SIIS, South Korea normally gives 400,000 tons of chemical fertilizer to North Korea each year. The South cut this aid last year due to slow progress on the nuclear issue, seriously impacting North Korea's harvest. Last year's hike in global oil and food prices exacerbated North Korea's woes, but Xue thinks that "keeping face" is important to Pyongyang, so it will not publicly appeal to Seoul for aid. Instead, through provocative rhetoric, it hopes to send an "alert" to South Korea and other countries, seeking a "reward" for its provocations.

14. (C) According to Cui, the DPRK understands South Korea's domestic political situation - that South Korean President Lee is embattled and there exists a sharp divide between Lee's hard-line conservatives and those seeking a more accommodative policy towards North Korea. By raising tension in the Peninsula, North Korea hopes to aggravate South Korea's internal divide, said Cui. Xue similarly believes Pyongyang wants to

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"disrupt the internal political situation in South Korea" with its provocative actions. According to Xue, North Korea sees little risk in antagonizing the South, since it believes both sides "can reconnect easily," should the North choose to do so.

Kim's Successor: Anybody's Guess

15. (C) Xia Liping, Professor at Tongji University, believes North Korea is also upset by recent rumors in South Korea (which Pyongyang suspects are being spread by the South Korea Government) speculating on North Korean leader Kim Jong-il's (KJI) successor. Regarding the succession issue, the Shanghai scholars admitted they have no inside knowledge, one saying that "no one except Kim (Jong-il) himself knows." Xia mentioned recent rumors in South Korea that KJI's third son, Kim Jong-un, has been tapped to succeed his father. Cui and Xue, however, both believe these rumors may have been "fabricated" in South Korea as a ploy to test North Korea's reaction. Gong Keyu, Senior Fellow in the Department of Asia-Pacific Studies at SIIS, said rumors about the third son succeeding his father "may not be good news for the third son," since KJI, who is still in control, may feel threatened by this talk of succession. The scholars are unanimous that KJI's eldest son, Kim Jong-nam, is an unlikely successor because he is not part of the inner circle and has been involved in scandals.

16. (C) Xue believes there is a good possibility that KJI will allow someone other than his sons to take over, saying that one of Xue's North Korean contacts, who was present at a meeting between KJI and Chinese officials a couple of years ago, "got a feeling" that KJI was asking the Chinese to "take care of his family" (with the implication that he did not expect his sons to take over the reins of government). Xue, however, acknowledged that this was not explicitly stated. Several scholars believe one possible scenario is for a group of high-level military officials to govern the country. However, as KJI may continue in power for at least another five or ten years (he appeared to be in good health during a January visit to North Korea by Wang Jiarui, a high-level Chinese Communist Party leader, according to these Shanghai scholars), talk of succession may be premature, said the scholars.

We Want To Be Like India and Pakistan

17. (C) Xia and Cui said that North Korea was willing to halt its nuclear program in exchange for U.S. diplomatic recognition during the Clinton Administration and early part of the Bush Administration. North Korea, however, now fears that the United States may no longer be eager to establish diplomatic relations, even if the DPRK stops its nuclear program, they said. According to Xia, North Korea thinks that a complete dismantling of its nuclear facilities, as agreed under the Six-Party Talks, would be "irreversible" or, at least, very difficult to reverse, while U.S. steps of taking North Korea off the State Sponsors of Terror list and lifting sanctions are "reversible." After its nuclear weapon test in 2006, Pyongyang feels it can take a tougher stance against the United States and is unlikely to completely give up its most important card very easily, said the scholars. Cui continued, "North Korea wants to be like India and Pakistan - have both nuclear capability and normal relations with the United States." Several scholars wondered aloud whether the India/Pakistan model could be applied to North Korea.

China Can Still "Put The Bird In Its Cage"

18. (C) The scholars are divided about China's leverage over North Korea on the nuclear issue. Xia and Cui think China's influence on this issue is limited, partly because Pyongyang knows that China will continue to prop up the North Korean regime to prevent a humanitarian crisis that could spill over into China. Gong said China still exercises considerable influence over North Korea because of its food and fuel aid. China, however, would never cut its aid because it realizes this would only cause mass suffering for North Korea's general population (and not necessarily its leaders), something China wants to avoid given its own experience of mass starvation in the late 1950s, said Gong. Xue, however, believes that although

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North Korea does not want to give the impression that it is "China's puppet," in reality, China's leverage over the DPRK is growing. Xue cited the recent drop in South Korea's aid, making North Korea even more dependent on Chinese aid, trade, and investment (both SOE and private). One-third of China's total overseas assistance, about RMB 9-10 billion (USD 1.4 billion), goes to North Korea every year, according to Xue. Based on his personal observations, "more than 50 percent" of all products sold in North Korea's local markets are made in China. Furthermore, Xue noted that mid to high level North Korean officials he has met all professed a desire to send their kids abroad to study, their first choice being China. All of this adds to North Korea's dependence on China, and China still has enough leverage to "put the bird in its cage," said Xue.

Breaking the Deadlock

19. (C) These Shanghai scholars are not optimistic that the current deadlock in the Six-Party Talks will be broken anytime soon. One reason is that China may not be willing to exercise its leverage to push Pyongyang towards an agreement. China is currently focused on its domestic economic problems, so it would rather play an "assistant role" in the nuclear talks, said Xue. "China has many more issues of higher priority than North Korea," he added. Shen Dingli agreed that China is likely to adopt a "soft approach" and continue to "nurture" North Korea, which he characterized as a "bad habit" and likely to lead to further North Korean intransigence. The scholars also pointed to the United States' role in the impasse, with Xia Liping and Cui Zhiying questioning U.S. willingness to compromise. Xia believes that the only way to break the deadlock is if the United States forgoes its insistence on full verification and allows North Korea to inspect U.S. military facilities in South Korea, which Pyongyang suspects of housing nuclear weapons. Xia, however, acknowledged that the United States is unlikely to accept such conditions. (Note: Professor Xia is a PLA reserve colonel. End note.)

Six-Party Talks Still The Best Option

¶10. (C) Despite the current impasse, the scholars all agreed that the Six-Party Talks are still the best option for negotiating the nuclear issue. Xue Chen said the talks have not been very effective, but it is still the "only way" forward at present. Cui Zhiying thinks North Korea does not want to leave the Six-Party Talks since that would "close doors" to outside aid. Gong Keyu hopes the Six-Party Talks will eventually be expanded to include other regional security issues, but Xia Liping does not agree with this idea, saying the Talks should focus on North Korea and that a separate forum, perhaps a trilateral dialogue between China, the United States, and Japan, should be set up to deal with other regional issues.

Building Trust

¶11. (C) The Shanghai scholars emphasized the need to build trust between the parties of the Six-Party Talks. They said North Korea trusts very few people with whom they negotiate, including the Chinese. According to Xue Chen, China-North Korea relations are based on a party-to-party relationship, and Pyongyang has good relations with China's CPC Central Committee, particularly Wang Jiarui, the current head of the International Liaison Department of the CPC Central Committee (who visited Pyongyang in January), and State Councilor Dai Bingguo, who was head of the International Liaison Department of the CPC Central Committee from 1997 to 2003. Although China has been trying to establish more channels of communication through its Ministry of Foreign Affairs, it has not been very successful, said Xue. Xue also said that North Korean leaders are fairly optimistic about reestablishing connections with some North Korea experts in the United States who were involved in nuclear negotiations in the 1990s and who are likely to have some role in the current Democratic administration. The scholars urged the Obama Administration to appoint a special envoy for North Korean issues as soon as possible.

Comment

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¶12. (C) Although it is not clear to what extent our Shanghai interlocutors' comments are based on inside knowledge, several of them have been to North Korea and claim to have contacts either in North Korea or with officials in the Chinese Government who handle North Korean issues. The scholars were clearly pessimistic that the Six-Party Talks would achieve a breakthrough in the near future and offered little insight on how to overcome the impasse. Instead, their central focus is now on the new Obama Administration's policy and, particularly, whether President Obama will appoint a special envoy or consider the idea of bilateral dialogue with the DPRK. According to these scholars, both China and North Korea are in a "wait-and-see" mode, eagerly anticipating the Obama Administration's first move on the Korean Peninsula.

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